



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
ELLIOTT COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1999

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

ELLIOTT COUNTY CHARLES PENNINGTON, COUNTY JUDGE/EXECUTIVE JUNE 30, 1999 FISCAL COURT AUDIT

Elliott County Fiscal Court's records appeared adequate for the most part. After the new administration took over, the records improved. The county provided auditors with more than adequate workspace and was very cooperative with all requests. Some problem areas were noted, but the current administration seems more than happy to correct problems and appears intent on complying with auditor's recommendations. The noncompliances noted were as follows:

- The County Should Have Required Depository Institution To Pledge Additional Securities Of \$105,116 As Collateral To Protect Deposits
- The County Should Maintain Adequate Time Records For Employees
- The County Should Maintain Adequate Payroll Records
- Former County Judge/Executive David Blair Should Have Paid All Bills Within 30 Days

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Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

Kevin Flanery, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Charles Pennington, Elliott County Judge/Executive

Honorable David Blair, Former Elliott County Judge/Executive

Members of the Elliott County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Elliott County, Kentucky, as of June 30, 1999, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Elliott County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Elliott County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Elliott County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1999, in conformity with the cash basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
Kevin Flanery, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Charles Pennington, Elliott County Judge/Executive
Honorable David Blair, Former Elliott County Judge/Executive
Members of the Elliott County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Elliott County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying comments and recommendations, included herein, which discuss the following areas of noncompliance.

- The County Should Have Required Depository Institution To Pledge Additional Securities Of \$105,116 As Collateral To Protect Deposits
- The County Should Maintain Adequate Time Records For Employees
- The County Should Maintain Adequate Payroll Records
 - Former County Judge/Executive David Blair Should Have Paid All Bills Within 30 Days

In accordance with Government Auditing Standards, we have also issued our report dated July 17, 2000, on our consideration of Elliott County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 17, 2000

ELLIOTT COUNTY OFFICIALS

Fiscal Year Ended June 30, 1999

Charles Pennington	County Judge/Executive
David Flatt	County Attorney
Reeda Ison	County Clerk
Delmaine Dickerson	Circuit Court Clerk
Ronnie Stephens	Sheriff
Jamie Stevens	Jailer
Lovell Mayse	Property Valuation Administrator
Claudette Sturgill	County Treasurer
Mark Lewis	Coroner
Clyde Lewis	Magistrate
Glen W. Skaggs	Magistrate
Billy R. Wilson	Magistrate
Diane Penix	Magistrate
Kurt Adkins	Magistrate
Kermit Van Hoose	Magistrate

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

ELLIOTT COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1999

Assets and Other Resources

Assets

General Fund:

Cash	\$	34,603
------	----	--------

Road and Bridge Fund:

Cash		1,282
------	--	-------

Jail Fund:

Cash		3
------	--	---

Local Government Economic Assistance Fund:

Cash		6,323
------	--	-------

Fire Protection Fund:

Cash		260
------	--	-----

911 Fund:

Cash		4,115
------	--	-------

Appalachian Regional Commission Fund:

Cash		130
------	--	-----

Solid Waste Fund:

Cash		5,908
------	--	-------

Payroll - Cash		33
----------------	--	----

Total Assets	\$	52,657
--------------	----	--------

Liabilities and Fund Balances

Liabilities

Payroll Account	\$	33
-----------------	----	----

Fund Balances

Reserved:

Fire Protection Fund		260
----------------------	--	-----

911 Fund		4,115
----------	--	-------

Appalachian Regional Commission Fund		130
--------------------------------------	--	-----

Solid Waste Fund		5,908
------------------	--	-------

The accompanying notes are an integral part of the financial statements.

ELLIOTT COUNTY
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
June 30, 1999
(Continued)

Liabilities and Fund Balances (Continued)

Fund Balances (Continued)

Unreserved:

General Fund	\$ 34,603
Road and Bridge Fund	1,282
Jail Fund	3
Local Government Economic Assistance Fund	<u>6,323</u>

Total Liabilities and Fund Balances	<u><u>\$ 52,657</u></u>
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The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

ELLIOTT COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1999

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 1,850,255	\$ 933,467	\$ 804,940	\$ 28,069
Transfers In	630,855	305,802	278,103	29,107
Total Cash Receipts	<u>\$ 2,481,110</u>	<u>\$ 1,239,269</u>	<u>\$ 1,083,043</u>	<u>\$ 57,176</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 1,846,999	\$ 937,030	\$ 750,397	\$ 59,350
Transfers Out	630,855	291,106	313,416	
Total Cash Disbursements	<u>\$ 2,477,854</u>	<u>\$ 1,228,136</u>	<u>\$ 1,063,813</u>	<u>\$ 59,350</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 3,256	\$ 11,133	\$ 19,230	\$ (2,174)
Cash Balance - July 1, 1998	<u>49,368</u>	<u>23,470</u>	<u>(17,948)</u>	<u>2,177</u>
Cash Balance - June 30, 1999	<u>\$ 52,624</u>	<u>\$ 34,603</u>	<u>\$ 1,282</u>	<u>\$ 3</u>

The accompanying notes are an integral part of the financial statements.

ELLIOTT COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 1999
 (Continued)

Local Government Economic Assistance Fund	Fire Protection Fund	Metro United Way Fund	911 Fund	Appalachian Regional Commission Fund	Solid Waste Fund
\$ 49,610 3,000	\$ 2,412	\$	\$ 24,096 7,000	\$ 1	\$ 7,235 7,843
\$ 52,610	\$ 2,412	\$ 0	\$ 31,096	\$ 1	\$ 15,078
\$ 41,608 24,103	\$ 2,468	\$ 54	\$ 29,634	\$ 175	\$ 25,533
\$ 65,711	\$ 2,468	\$ 54	\$ 29,634	\$ 175	\$ 25,533
\$ (13,101) 19,424	\$ (56) 316	\$ (54) 54	\$ 1,462 2,653	\$ (174) 304	\$ (10,455) 16,363
\$ 6,323	\$ 260	\$ 0	\$ 4,115	\$ 130	\$ 5,908

The accompanying notes are an integral part of the financial statements.

ELLIOTT COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Public Properties Corporation Fund
<u>Cash Receipts</u>	
Schedule of Operating Revenue	\$ 425
Transfers In	
Total Cash Receipts	<u>\$ 425</u>
<u>Cash Disbursements</u>	
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 750
Transfers Out	<u>2,230</u>
Total Cash Disbursements	<u>\$ 2,980</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (2,555)
Cash Balance - July 1, 1998	<u>2,555</u>
Cash Balance - June 30, 1999	<u><u>\$ 0</u></u>

The accompanying notes are an integral part of the financial statements.

ELLIOTT COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Elliott County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Elliott county budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

ELLIOTT COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Elliott County Fiscal Court: Elliott County Housing Authority.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent. Hazardous covered employees are required to contribute 7 percent of their salary to the plan. The county's contribution rate for hazardous employees was 18.21 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The county entered into a written agreement with the depository institution and met requirements (a), (b), and (c) stated above. However, as of August 3, 1998, the uncollateralized amount on deposit was \$105,116. The pledged securities and FDIC insurance did not equal or exceed the amount on deposit.

ELLIOTT COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 3. Deposits (Continued)

The county's deposits are categorized below to give an indication of the level of risk assumed by the county as of August 3, 1998.

	<u>Bank Balance</u>
Collateralized with securities held by pledging depository institution in the county's name	\$ 475,000
Uncollateralized and uninsured	<u>105,116</u>
Total	<u><u>\$ 580,116</u></u>

Note 4. Lease-Purchase Agreements

The county has entered into the following lease-purchase agreements:

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
1998 4X4 Chevy Pickup	5/20/1998	5/20/2003	5.21%	\$ 15,400
1993 Dodge Van	5/20/1998	5/20/2003	4.94%	9,100
Backhoe	9/9/1997	2/1/2007	4.78%	11,485

Note 5. Related Party Transactions

Elliott County Fiscal Court entered into a related party transaction by purchasing gas and other petroleum products from Chuck's Penny Mart, whose owner, Charles Horton, Jr., is the father of the former county judge/executive's daughter-in-law. The county spent \$21,549 on petroleum products from this vendor.

Note 6. Insurance

For the fiscal year ended June 30, 1999, Elliott County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

ELLIOTT COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1999

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 1,029,605	\$ 933,467	\$ (96,138)
Road and Bridge Fund	805,049	804,940	(109)
Jail Fund	75,571	28,069	(47,502)
Local Government Economic Assistance Fund	65,207	49,610	(15,597)
Fire Protection Fund	2,800	2,412	(388)
Metro United Way Fund	6,000		(6,000)
911 Fund	32,000	24,096	(7,904)
Appalachian Regional Commission Fund	304	1	(303)
Solid Waste Fund	33,717	7,235	(26,482)
Public Properties Fund	2,980	425	(2,555)
Totals	<u>\$ 2,053,233</u>	<u>\$ 1,850,255</u>	<u>\$ (202,978)</u>

Reconciliation

Total Budgeted Operating Revenue Above	\$ 2,053,233
Add: Budgeted Prior Year Surplus	<u>\$ 64,141</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures	<u>\$ 2,117,374</u>

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SCHEDULE OF OPERATING REVENUE

ELLIOTT COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1999

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<hr/>				
Revenue From Local Taxes <u>and Excess Fees</u>				
Sheriff:				
Taxes	\$ 187,032	\$ 183,830	\$	\$
Franchise Taxes	1,214	1,214		
County Clerk:				
Deed Transfer Tax	5,843	5,843		
Delinquent Taxes	5,675	5,264		
Excess Fees - 1998	4,387	4,387		
Tangible Personal Property Taxes:				
County Clerk	47,600	41,829		
Bank Shares	5,519	5,519		
In Lieu of Taxes:				
Other in Lieu Payments	1,923	1,923		
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	<hr/> \$ 259,193	<hr/> \$ 249,809	<hr/> \$ 0	<hr/> \$ 0
<hr/>				
<u>Federal Receipts - State Treasurer</u>				
Section 8 Housing Salary				
Reimbursements	\$ 8,541	\$ 8,541	\$	\$
Cops Grant Program	679		679	
Federal Disaster and Emergency Services/Emergency Management Agency Reimbursement	238,805	134,927	103,878	
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	<hr/> \$ 248,025	<hr/> \$ 143,468	<hr/> \$ 104,557	<hr/> \$ 0
<hr/>				
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 24,000	\$	\$	\$ 24,000
Medical Allotments	1,597			1,597
Driving Under The Influence Fees	1,471			1,471
Court Costs and Jail Operation	929			929

ELLIOTT COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1999
(Continued)

Local Government Economic Assistance Fund	Fire Protection Fund	911 Fund	Appalachian Regional Commission Fund	Solid Waste Fund	Public Properties Fund
\$	\$ 2,358	\$	\$	\$ 844	\$
	32			379	
				5,771	
<u>\$ 0</u>	<u>\$ 2,390</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,994</u>	<u>\$ 0</u>
\$	\$	\$	\$	\$	\$
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$	\$	\$	\$	\$	\$

ELLIOTT COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u> (Continued)				
County Road Aid	\$ 489,411	\$	\$ 489,411	\$
Police Incentive Pay	679		679	
Truck License Distribution	161,449		161,449	
Child Support Salary Reimbursement	44,836	44,836		
Election Expense Reimbursement	3,570	3,570		
Local Government Economic Development Monies	254,917	254,917		
Strip Mine Permits	11,475	11,475		
Courthouse Rental - Administrative Office of the Courts	52,860	52,860		
Refunds:				
Drivers Licenses	620		620	
Dog Licenses	279	279		
Severance Taxes:				
Coal	30,428			
Mineral	15,888			
Grants:				
State Grants (Area Development Fund)	35,000		35,000	
Ambulance	22,638	22,638		
Disaster and Emergency Assistance Grant - Coordinator Salary	21,399	21,399		
Police Incentive Pay	2,999			
Totals	\$ 1,176,445	\$ 411,974	\$ 687,159	\$ 27,997

Miscellaneous Revenue

Interest	\$ 6,595	\$ 3,692	\$ 2,247	\$ 72
Library Salary Reimbursement	4,483	4,483		
Donation	750	375		
Charges for Services:				
Dog Pick Up	30	30		
Ambulance Service	113,223	113,223		

ELLIOTT COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local Government Economic Assistance Fund	Fire Protection Fund	911 Fund	Appalachian Regional Commission Fund	Solid Waste Fund	Public Properties Fund
\$	\$	\$	\$	\$	\$
30,428					
15,888					
2,999					
\$ 49,315	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$ 295	\$ 22	\$ 75	\$ 1	\$ 141	\$ 50

ELLIOTT COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous Revenue</u>				
(Continued)				
Telephone Commission	\$ 1,484	\$ 1,038	\$ 446	\$
911 Service	24,021			
Surplus Machinery/Equipment Sales	1,462		1,462	
Miscellaneous Items	14,544	5,375	9,069	
Totals	<u>\$ 166,592</u>	<u>\$ 128,216</u>	<u>\$ 13,224</u>	<u>\$ 72</u>
Total Operating Revenue	<u><u>\$ 1,850,255</u></u>	<u><u>\$ 933,467</u></u>	<u><u>\$ 804,940</u></u>	<u><u>\$ 28,069</u></u>

ELLIOTT COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local Government Economic Assistance Fund	Fire Protection Fund	911 Fund	Appalachian Regional Commission Fund	Solid Waste Fund	Public Properties Fund
\$	\$	\$	\$	\$	\$
		24,021			
				100	
\$ 295	\$ 22	\$ 24,096	\$ 1	\$ 241	\$ 425
\$ 49,610	\$ 2,412	\$ 24,096	\$ 1	\$ 7,235	\$ 425

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

ELLIOTT COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1999

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 24,573	\$ 36,938	\$ (12,365)
Deputy County Judge/Executive		4,583	(4,583)
Secretaries	4,000	2,409	1,591
Other Salaries	2,500	1,970	530
Office Materials and Supplies	1,290	2,358	(1,068)
Memberships	900	3,120	(2,220)
Office of County Attorney:			
Salaries-			
County Attorney	3,750	6,875	(3,125)
Secretaries	2,000	3,000	(1,000)
Other Salaries	37,540	38,577	(1,037)
Office of County Clerk:			
Printing and Binding	1,000	558	442
Tax Bill Preparation	900	640	260
Office of Sheriff:			
Bond	300	254	46
Postage	1,700	1,705	(5)
Tax Settlement	600	600	
Office of County Coroner:			
County Coroner Salary	3,600	3,600	
Miscellaneous Payments	1,000	5,177	(4,177)
Training	731		731
Fiscal Court:			
Magistrates-			
Salaries	14,700	21,875	(7,175)
Advertisement	1,000	1,966	(966)
Postage	500	316	184
Telephone	7,500	12,094	(4,594)

ELLIOTT COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Office of Property Valuation Administrator:			
Statutory Contribution	\$ 3,948	\$ 4,398	\$ (450)
Office of Board of Assessment Appeals:			
Per Diem	1,200	400	800
Office of County Treasurer:			
County Treasurer Salary	9,750	14,952	(5,202)
Office of County Finance Director:			
County Finance Director Salary		4,417	(4,417)
County Law Library:			
Law Librarian Salary	600		600
Elections:			
Per Diem-			
Election Officers	3,000	6,880	(3,880)
Polling Places	1,500	1,200	300
Election Ballot Instructions	750	445	305
Maintenance and Repairs	4,000	5,526	(1,526)
Courthouse:			
Maintenance and Repairs	9,000	14,034	(5,034)
Utilities	15,000	27,569	(12,569)
Other County Properties:			
Swimming Pool-			
Contribution		2,000	(2,000)

ELLIOTT COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Protection to Persons and Property</u>			
County Police:			
Salaries-			
Materials and Supplies	\$ 800	\$	\$ 800
Uniforms	1,000		1,000
Equipment	1,500		1,500
Section 8 Housing:			
Salaries	12,600	7,350	5,250
Disaster and Emergency Services:			
Salaries-			
Director	21,730	15,477	6,253
Other Salaries	15,477	21,730	(6,253)
Telephone	900	1,190	(290)
Travel	1,000	877	123
Ambulance Service:			
Salaries	144,350	153,017	(8,667)
Services		54,997	(54,997)
Material and Supplies	1,000	5,224	(4,224)
Medical Supplies	8,400		8,400
Uniforms	2,500		2,500
Office of Public Defender:			
Contribution	807	807	
<u>General Health and Sanitation</u>			
Dog Control:			
Salaries	1,200	1,000	200
Contract	5,000		5,000

ELLIOTT COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Recreation and Culture</u>			
Public Libraries:			
Contribution	\$ 18,000	\$ 12,758	\$ 5,242
Debt Service			
Other County Liabilities:			
Lease-Purchase Agreements-			
Principal	23,024	15,296	7,728
Interest		2,010	(2,010)
Capital Projects			
Buildings:	265,000	258,217	6,783
<u>Administration</u>			
General Services:			
Auditing	9,000	20,086	(11,086)
ADD Contribution	2,100	2,067	33
Bank Charges	200	112	88
Insurance	17,250	37,746	(20,496)
KACO Assessment	1,432	1,432	
Contingent Appropriations:			
Reserve for Transfers	269,191		269,191
Fringe Benefits:			
County Contributions-			
Social Security	28,282	37,354	(9,072)
Retirement	32,500	52,762	(20,262)
Worker's Compensation	4,225	4,225	
Unemployment Insurance	5,775	860	4,915
Total General Fund	\$ 1,053,075	\$ 937,030	\$ 116,045

ELLIOTT COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive			
Salaries-			
County Judge/Executive	\$ 24,573	\$ 12,412	\$ 12,161
Deputy County Judge/Executive		4,583	(4,583)
Secretaries	4,000	2,100	1,900
Materials and Supplies	1,290	2,000	(710)
Travel	500		500
Office of County Attorney:			
Salaries-			
County Attorney	3,750	2,525	1,225
Secretaries	2,000	1,000	1,000
Fiscal Court:			
Magistrates-			
Salaries	14,700	7,498	7,202
Advertisements	2,000	342	1,658
Postage	1,000	998	2
Office of County Treasurer:			
County Treasurer Salary	9,750	5,119	4,631
Office of County Finance Director:			
County Finance Director Salary		4,417	(4,417)
County Police:			
Salaries		11,309	(11,309)

ELLIOTT COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u> (Continued)			
<u>Roads</u>			
Office of Road Supervisor:			
Road Supervisor Salary	\$ 22,000	\$ 21,415	\$ 585
Judgement-William Salyers	1,664	1,664	
Reimbursement	1,000	277	723
Road Maintenance:			
Road Labor Salaries	144,484	139,900	4,584
Concrete	3,000	984	2,016
Contracted Services	123,744	100,988	22,756
Crushed Stone and Gravel	75,000	47,464	27,536
Diesel Fuel	20,000	5,200	14,800
Dry Cleaning	1,200	1,556	(356)
Garage Supplies	203	203	
General Construction Materials	12,500	9,985	2,515
Lumber	1,000	7,764	(6,764)
Machinery and Equipment-			
Repairs	41,250	38,815	2,435
New Road Machinery	100	30,666	(30,566)
Materials	36,260	35,000	1,260
Pest Control	700	1,200	(500)
Signs	200	200	
Petroleum	44,000	57,473	(13,473)
Pipes	15,273	17,378	(2,105)
Towing Service	100		100
Tires and Tubes	10,000	6,666	3,334
Utilities	14,500	8,884	5,616
Other Materials and Supplies	1,000		1,000
<u>Debt Service</u>			
Other County Liabilities:			
Lease-Purchase Agreements			
Principal	12,400	10,300	2,100
Interest		2,421	(2,421)

ELLIOTT COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u> (Continued)			
<u>Administration</u>			
General Services:			
Bank Charges	\$ 100	\$ 78	\$ 22
Auditing	9,000	3,600	5,400
KACO Assessment	1,432	1,432	
Insurance	17,240	41,857	(24,617)
Contingent Appropriations:			
Reserve for Budget Transfers	35,136		35,136
Fringe Benefits:			
County Contributions-			
Retirement	20,000	23,517	(3,517)
Social Security	18,000	20,384	(2,384)
Worker's Compensation	36,000	35,823	177
Unemployment Insurance	23,000	23,000	
Total Road and Bridge Fund	<u>\$ 805,049</u>	<u>\$ 750,397</u>	<u>\$ 54,652</u>

JAIL FUND

Protection to Persons and Property

Office of Jailer:			
Personnel Services-			
Jailer Salaries	\$ 20,000	\$ 20,157	\$ (157)
Routine Medical	1,596	222	1,374
Housing Juveniles	3,120	72	3,048
Housing Prisoners - Other Counties	35,950	35,228	722
Miscellaneous Operating Expense	12,940	443	12,497

Administration

Contingent Appropriations:		
Reserve for Budget Transfers	978	978

ELLIOTT COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES
Fiscal Year Ended June 30, 1999

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u> (Continued)			
<u>Administration</u>			
Fringe Benefits:			
County Contributions-			
Retirement	\$ 1,679	\$ 1,774	\$ (95)
Social Security	1,485	1,454	31
Total Jail Fund	<u>\$ 77,748</u>	<u>\$ 59,350</u>	<u>\$ 18,398</u>
<u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</u>			
<u>Protection to Persons and Property</u>			
County Police:			
Salaries	\$ 48,060	\$ 6,149	\$ 41,911
Disaster and Emergency Services:			
Salaries-			
Coordinator		1,811	(1,811)
Deputy Coordinator		1,290	(1,290)
Ambulance Service:			
Salaries		15,976	(15,976)
<u>Roads</u>			
Road Maintenance:			
Crushed Stone and Gravel	20,000	12,088	7,912
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	10,428		10,428
Fringe Benefits:			
County Contributions-			
Retirement	3,159	1,452	1,707
Social Security	2,984	2,842	142
Total Local Government Economic Assistance Fund	<u>\$ 84,631</u>	<u>\$ 41,608</u>	<u>\$ 43,023</u>

ELLIOTT COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>FOREST FIRE PROTECTION FUND</u>			
Total Forest Fire Protection Fund	<u>\$ 2,800</u>	<u>\$ 2,468</u>	<u>\$ 332</u>
<u>METRO UNITED WAY FUND</u>			
<u>Social Services</u>			
Social Service Programs:			
Contribution	\$ 6,054	\$	\$ 6,054
State Reimbursement		54	(54)
Total Metro United Way Fund	<u>\$ 6,054</u>	<u>\$ 54</u>	<u>\$ 6,000</u>
<u>911 FUND</u>			
<u>Protection to Persons and Property</u>			
Disaster and Emergency Services:			
Dispatch Service	\$ 28,593	\$ 23,212	\$ 5,381
Emergency Materials and Supplies	500	599	(99)
Maintenance and Repair	500	663	(163)
Miscellaneous Equipment	975	859	116
<u>Administration</u>			
Fringe Benefits:			
County Contributions-			
Retirement	2,101	2,434	(333)
Social Security	1,984	1,867	117
Total 911 Fund	<u>\$ 34,653</u>	<u>\$ 29,634</u>	<u>\$ 5,019</u>

ELLIOTT COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>APPALACHIAN REGIONAL COMMISSION FUND</u>			
Total Appalachian Regional Commission Fund	\$ 304	\$ 175	\$ 129
<u>SOLID WASTE FUND</u>			
<u>General Health and Sanitation</u>			
Solid Waste Collections:			
Salaries:			
Officer	\$ 19,500	\$ 5,833	\$ 13,667
Personnel	16,363	13,568	2,795
Consultant	1,000		1,000
Dumping	4,778	3,473	1,305
Office Supplies	200	132	68
Petroleum Products	500		500
Postage	150	132	18
Maintenance and Repair	800	378	422
Training	1,500	356	1,144
Uniforms	1,000		1,000
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	1,217		1,217
Fringe Benefits:			
County Contributions-			
Retirement	1,580	843	737
Social Security	1,492	818	674
Total Solid Waste Fund	\$ 50,080	\$ 25,533	\$ 24,547

ELLIOTT COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>PUBLIC PROPERTIES FUND</u>			
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	\$ 2,980	\$ 0	\$ 2,980
General Services			
Appraisal Services		750	(750)
Total Public Properties Fund	<u>\$ 2,980</u>	<u>\$ 750</u>	<u>\$ 2,230</u>
TOTAL BUDGET - ALL FUNDS	<u><u>\$ 2,117,374</u></u>	<u><u>\$ 1,846,999</u></u>	<u><u>\$ 270,375</u></u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable Charles Pennington, Elliott County Judge/Executive
Honorable David Blair, Former Elliott County Judge/Executive
Members of the Elliott County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Elliott County Kentucky, as of and for the year ended June 30, 1999, and have issued our report thereon dated July 17, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Elliott County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying comments and recommendations.

- The County Should Have Required Depository Institution To Pledge Additional Securities Of \$105,116 As Collateral To Protect Deposits
- The County Should Maintain Adequate Time Records For Employees
- The County Should Maintain Adequate Payroll Records
- Former County Judge/Executive David Blair Should Have Paid All Bills Within 30 Days

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Elliott County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Honorable Charles Pennington, Elliott County Judge/Executive
Honorable David Blair, Former Elliott County Judge/Executive
Members of the Elliott County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 17, 2000

COMMENTS AND RECOMMENDATIONS

ELLIOTT COUNTY
COMMENTS AND RECOMMENDATIONS

Fiscal Year Ended June 30, 1999

NONCOMPLIANCES

- 1) The County Should Have Required Depository Institution To Pledge Additional Securities Of \$105,116 As Collateral To Protect Deposits

The county's deposits were not adequately secured by \$105,116 as of August 3, 1998. Under provisions of KRS 66.480(1)(d) and KRS 41.240(4), banks are required to provide collateral for interest-bearing and noninterest-bearing deposits if either exceeds the \$100,000 amount of insurance coverage provided by the Federal Deposit Insurance Corporation. We recommend that the county require depository institution to pledge sufficient collateral to protect deposits at all times.

County Judge/Executive Charles Pennington's Response:

The day we were notified was the day we increased our pledges with People's Bank in Sandy Hook.

Former County Judge/Executive David Blair's Response:

The former County Judge/Executive was given an opportunity to respond but has provided no response.

- 2) The County Should Maintain Adequate Time Records For Employees

The County did not maintain adequate time records for employees of the county. KRS 337.320 states every employer shall keep a record of the amount paid each pay period to each employee and the hours worked each day and each week by the employee. The county did not maintain formal records of the hours worked each day and each week by each employee. We recommend the county comply with KRS 337.320 by maintaining adequate records for all employees.

County Judge/Executive Charles Pennington's Response:

We kept overtime sheets for January through June 30, 1999. We are keeping all time sheets now.

Former County Judge/Executive David Blair's Response:

The former County Judge/Executive was given an opportunity to respond but has provided no response.

ELLIOTT COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 1999
(Continued)

3) The County Should Maintain Adequate Payroll Records

The County did not maintain adequate payroll records for the period of July 1, 1998 through December 31, 1998. KRS 68.020 requires County Treasurer to keep an accurate detailed account of all money disbursed for the county. The payroll records should be kept in a manner required by the Uniform Standards of Accounting prescribed by the State Local Finance Officer. We recommend that the county maintain accurate and complete payroll records as required by KRS 68.020.

County Judge/Executive Charles Pennington's Response:

I didn't have any control of Judge's office from July 1, 1998 through December 31, 1998. Accurate detailed records have been kept since then.

Former County Judge/Executive David Blair's Response:

The former County Judge/Executive was given an opportunity to respond but has provided no response.

4) Former County Judge/Executive David Blair Should Have Paid All Bills Within 30 Days

The County, during the first six months of the fiscal year, did not pay all bills within thirty (30) days as required by KRS 65.140. KRS 65.140 states that all bills for goods and services shall be paid within thirty (30) days of receipt of vendor's invoice except when payment is delayed because the purchaser has made a written disapproval of improper performances or improper invoicing by the vendor or by the vendor's subcontractor. We found that the former administration left \$81,827 of unpaid obligations that had to be paid by the current administration. We recommend that the County pay its bills within thirty (30) days as required.

County Judge/Executive Charles Pennington's Response:

Those bills have already been paid by current administration.

Former County Judge/Executive David Blair's Response:

The former County Judge/Executive was given an opportunity to respond but has provided no response.

PRIOR YEAR FINDINGS

- Internal Control Weakness Due To Lack Of Segregation Of Duties

CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

ELLIOTT COUNTY FISCAL COURT

June 30, 1999

Appendix A

CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

ELLIOTT COUNTY FISCAL COURT

June 30, 1999

The Elliott County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

A handwritten signature in dark ink, appearing to read "M. L. P. J. D.", written over a horizontal line.

Name
County Judge/Executive

A handwritten signature in dark ink, appearing to read "Charlotte Sturgis", written over a horizontal line.

Name
County Treasurer